



DEPARTMENT OF THE NAVY
OFFICE OF THE COMPTROLLER
WASHINGTON, D.C. 20350-1100

IN REPLY REFER TO

NAVCOMPTINST 7040.37B
NCB-32

10 APR 1991

NAVCOMPT INSTRUCTION 7040.37B

From: Comptroller of the Navy

Subj: GUIDANCE FOR ADMINISTRATION OF APPROPRIATIONS AFTER THE
PERIOD OF AVAILABILITY

Ref: (a) DoD Comptroller Memorandum of 10 Dec 1990; Guidance on
the Accounting for Expired Accounts Including "M" and
Merged Surplus Accounts
(b) NAVCOMPTNOTE 7300 of 25 May 1990; Obligation
Availability for the Shipbuilding and Conversion, Navy
and Operation and Maintenance, Navy Appropriations
(c) DoD 7220.9M; Department of Defense Accounting Guidance
Manual
(d) NAVCOMPTINST 7300.97B of 27 Aug 1981, Report on
Budget Execution (DD Form 1176) and Supplemental
Schedule (NAVCOMPT Form 2232); Guidance for
Preparation of

Encl: (1) Policy and Procedures for the Administration of
Appropriations After Their Period of Availability
(2) Transition Rules for Existing Expired and Merged "M"
Account Balances
(3) Documentation and Approval of Upward Obligation
Adjustments
(4) Accounting and Reporting Procedures for Expired
Accounts

1. Purpose. To prescribe policies and procedures for the
financial administration, approval, accounting and reporting of
appropriation balances, and upward obligation adjustments to
appropriations after the period of availability. This is a
complete revision and should be read in its entirety.

2. Cancellation. NAVCOMPTINSTS 7040.37A, 7301.24 and 7301.25.

3. Scope. The provisions of this instruction apply to the
following appropriations:

- a. Military Personnel, Navy (MPN)
- b. Military Personnel, Marine Corps (MPMC)

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- c. Reserve Personnel, Navy (RPN)
- d. Reserve Personnel, Marine Corps (RPMC)
- e. Operation and Maintenance, Navy (O&M,N)
- f. Operation and Maintenance, Marine Corps (O&M,MC)
- g. Operation and Maintenance, Navy Reserve (O&M,NR)
- h. Operation and Maintenance, Marine Corps Reserve (O&M,MCR)
- i. Aircraft Procurement, Navy (APN)
- j. Weapons Procurement, Navy (WPN)
- k. Shipbuilding and Conversion, Navy (SCN)
- l. Other Procurement, Navy (OPN)
- m. Procurement, Marine Corps (PMC)
- n. Coastal Defense Augmentation (CDA)
- o. Research, Development, Test and Evaluation, Navy (RDT&EN)
- p. Military Construction, Navy (MCON)
- q. Military Construction, Naval Reserve (MCNR)
- r. Family Housing, Navy and Marine Corps (FHN&MC)
- s. National Guard and Reserve Equipment, Navy (NG&RE)

4. Background. The annual and multiple year appropriations of the Department of the Navy (DoN) are available for obligations from one to five years, based on the statutory life of the appropriation unless extended for a specific purpose. After an appropriation's period of availability, no new obligations may be incurred in the account. Historically, pursuant to Public Law 84-798 dated 25 July 1956, for two years after an appropriation's period of availability, the fiscal year identity of an appropriation was maintained in accounting and financial reports and unobligated balances were available only for obligation adjustments. During this period, the appropriation was commonly termed "expired". At the end of the two year "expired" period, the appropriation was termed "lapsed". The appropriation's net balances of unpaid obligations and uncollected reimbursable orders were merged with balances of the same appropriation's successor accounts into what was called the "M" account. These merged accounts were available indefinitely for the liquidation of obligations. The unobligated balances of the appropriation after the expired period were merged into appropriation related surplus funds and were available for restorations within the limitations and prior approvals provided by statute and policy.

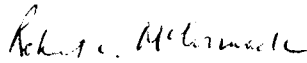
5. Discussion. Recent legislation on "M" and other expired accounts directed significant changes in funding, accounting and reporting procedures involving unpaid obligations and obligation adjustments for expired and lapsed accounts. The new legislation changes the period of time and the procedures for the liquidation and adjustments of obligations after an appropriation's period of availability. The legislation also provides new rules governing the treatment of obligated and unobligated balances of appropriations following their period of availability; cancels unpaid

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obligations and unobligated balances after a five year period; provides for an audit and yearly reporting; and contains limitations and approval requirements for upward obligation adjustments. Guidance for the Department of Defense (DoD) was promulgated in reference (a).

6. Extended Availability. The Department of Defense Appropriation Acts and 10 USC 7313 in recent years have provided authority in the Shipbuilding and Conversion, Navy (SCN) and Operation and Maintenance, Navy (O&M,N) appropriations, respectively, to incur new obligations after expiration of the accounts to complete ship construction and ship overhauls. This authority was provided by the Congress in recognition of the fact that most new ship construction and complex ship overhauls cannot be completed within the respective five-year or one-year availabilities of the SCN and O&M,N appropriations. The extended authority applies only to new obligations for the specific purposes set out in the language of the two authorities. These funds are not within the scope of this instruction as their period of availability has not expired. Policies and procedures concerning extended availability are described in reference (b). Upon completion of the new construction or overhaul as prescribed by the extended availability authority, the obligational authority expires and the obligated balances and unobligated balances are administered per this instruction. Obligation adjustments to the SCN and O&M,N appropriations for other than extended availability authority are governed by this instruction.

7. Action. Addressees will effect necessary changes to comply with policies and procedures contained in this instruction.


ROBERT C. McCORMACK

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(See next Page)

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POLICY AND PROCEDURES FOR THE ADMINISTRATION OF APPROPRIATIONS
AFTER THEIR PERIOD OF AVAILABILITY

1. General. The FY 1991 National Defense Authorization Act and the FY 1991 Department of Defense Appropriation Act contain major changes in the financial management of appropriations after their period of availability; formally referred to as expired and lapsed accounts. The legislation directed significant changes in accounting, reporting, and making obligation adjustments to accounts after the period of availability.

In general, the new legislation provides that after an appropriation's period of availability to incur obligations, the appropriation will maintain its fiscal year identity and both the obligated and unobligated balances of that appropriation will be available for recording, adjusting, and liquidating obligations properly chargeable to that account. Unobligated balances will not be withdrawn from expired accounts but will remain available for legitimate obligation adjustments for five years. During this five year period, new obligations may not be incurred. However, obligations may be adjusted and disbursements may be made from the account. On September 30th of the fifth fiscal year after the availability period ends for each account, all obligated and unobligated balances will be canceled and the expired account will be closed. No disbursements may be made from closed expired accounts. For example, accounts that expired in fiscal year 1989 will be closed as of September 30, 1994.

Payments of obligations that were canceled after the five year period of availability may be made from the current appropriation available for the same general purpose. The total of such payments from current funds is limited to one percent of the current account or the unexpended balance of the original appropriation, whichever is less.

2. Upward Obligation Adjustments to Appropriations Whose Period of Availability Has Expired. The use of unobligated balances for upward obligation adjustments is only available for within scope cost growth or increases in cost arising from claims that are antecedent liabilities attributable to the original obligation. Upward obligation adjustments in excess of \$100,000 that involve any individual action or contract shall not be accomplished automatically, but must have prior approval of the Secretary of the Navy (SECNAV) or his designee, as contained in reference (b). Upward obligation adjustments less than \$100,000 may be approved by the Administering Office (AO) to whom the budget authority was allocated. The SECNAV designee for individual upward adjustments

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of \$100,000 but less than \$500,000 is the cognizant Responsible Office (RO). The Assistant Secretary of the Navy (Financial Management) has been delegated the authority for those individual approval determinations of \$500,000 or more.

a. Contract Changes. The new law defines a "contract change" as a change under which a contractor is required to perform additional work. This guidance extends the definition of a contract to also include those changes that result in additional contractor billable costs, irrespective of the requirement for additional contractor performance. Therefore, contract adjustments that involve additional work or authorize or result in additional contractor billable costs are considered "contract changes" for the purposes of this instruction.

b. Cumulative Changes over \$4 Million. When an obligation adjustment for a contract change, a replacement contract, or an overrun for work already completed would cause the total amount of charges for such adjustments in any fiscal year for a single program, project or activity to exceed \$4,000,000, then the obligation may be incurred only if the obligation adjustment has been approved by the DoD Comptroller, as designee of the Secretary of Defense. An explanation of the legal basis and policy reason for the obligation adjustment shall be included.

c. Cumulative Changes over \$25 Million. When an obligation for a contract change for any single program, project or activity would cause the total amount of changes in any fiscal year for that program, project or activity to exceed \$25,000,000, then the obligation may be incurred only after the DoD Comptroller, as designee of the Secretary of Defense, submits a notice to the Congress of the intention to make the obligation along with the legal basis and policy reasons for the obligation. Specifically, this notification will be forwarded to the Committees on Armed Services and to the Committees on Appropriation of the Senate and the House of Representatives. Thirty (30) days must elapse before this obligation may be incurred following submission of the notification.

d. Program, Project or Activity. Program, project or activity (PPA) controls stem from P.L. 101-508 of 5 November 1990, and are designed to affect "contracted items". For annual accounts, contracted items are individual financial instruments, e.g., contracts or project orders. Accordingly, the term PPA is applied at the individual document level for annual accounts. For the procurement and R&D appropriations, the term PPA applies to the P-1 and R-1 subdivisions of each Program Year's funding, respectively, regardless of the fiscal year involved. For all

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other accounts, the term PPA is applied as with the annual accounts, at the program year/document level. Each AO must establish appropriate internal controls and records to ensure compliance with the \$4 million and \$25 million constraints with respect to cumulative adjustments for each PPA, as defined here.

e. Obligation Adjustments not requiring DoD Comptroller approval. Obligation adjustments such as adjudicated claims, contract closeouts, incentive or award fees, price inflation (escalation or economic price adjustments), and foreign currency fluctuation adjustments, do not require prior DoD Comptroller approval or Congressional notification. The documentation for these types of obligation adjustments must contain a statement that the contractor and the Government agree that the changes do not require additional work or authorize or result in additional billable costs beyond those which would have occurred without the adjustment.

3. Upward Obligation Adjustments After the Appropriation is Closed. On September 30th of the 5th fiscal year after the appropriation's period of availability ends, remaining unobligated and unliquidated obligated balances are canceled and the appropriation is closed. Following the cancellation of an appropriation, if it becomes necessary to record an obligation which would have been properly chargeable both as to purpose and amount to an appropriation which has been closed, then the current appropriation available for the same purpose as the obligation to be restored may be charged with that obligation and the subsequent disbursement.

The use of current appropriations to fund obligations properly chargeable to closed accounts is controlled at the DoN level. When any request for payment is received on a closed account, it is to be treated as a claim, per reference (c). As with all claims, the Disbursing Officer is to submit the claim to the Administering Contract Officer (ACO) and/or Officer responsible for certifying payment for adjudication. The validated claim shall be submitted to NAVCOMPT (NCB-3), via the Major Claimant/Program Executive Office (PEO), so that NAVCOMPT may determine the fund cite with which to pay the claim. The claim is neither to be obligated nor disbursed until the use of the current appropriation is approved by NAVCOMPT.

4. Application of the One Percent Limitation. When an appropriation is closed, obligations and obligation adjustments that would have been properly chargeable to that closed account may be charged to current appropriations available for the same purpose if two limitations are met: (1) amounts charged may not

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exceed the unexpended balance of the original appropriation (1517 limitation) and (2) total amounts charged also may not exceed one percent of the current appropriation being charged. This is illustrated in Appendix A to this enclosure.

For these purposes, a "current appropriation" is defined as the current fiscal year's original budget authority as provided in that fiscal year's appropriation act. For an appropriation available for three years such as Aircraft Procurement, Navy (APN), the "current appropriation" during FY 1991 is solely Program Year (PY) 1991, even though PY's 1990 and 1989 are also active years. After calculation of the one percent limitation, however, any fiscal year available for new obligations (e.g., PY's 1989, 1990 and 1991, inclusive) can be used. The one percent limitation on the use of these funds is a single, cumulative limit. In no case may more than one percent of an appropriation be used to pay valid obligations on closed accounts.

Proper general ledger controls must be maintained for obligations pertaining to closed accounts. AO accounting systems must maintain each transaction and cumulative balances of all obligations and expenditures at the contract level.

5. Obligation Adjustment Record Keeping. ROs and AOs must establish systems to maintain cumulative record of upward and downward obligation adjustments by transaction for each appropriation during the five year period. Appropriation controls must be established by each allocation and suballocation holder to ensure obligations are within unobligated balances.

6. Applicability of Anti-Deficiency Act. The provisions of the Anti-Deficiency Act are applicable to all appropriations both during and after the five year expired period. ROs and AOs must establish appropriate controls to ensure any administrative subdivisions of funds are not exceeded. Additionally, after the appropriate period of availability, ROs and AOs should maintain any administrative subdivision at the highest level practicable. An expired account will become over-obligated, and a violation of 31 USC Section 1517 (subdivision level) or 31 USC Section 1341 (appropriation level), will occur when net adjusted obligations exceed the direct obligational authority of the appropriation.

7. Unliquidated Obligation Review. Fund administrators shall ensure that all unliquidated obligations are reviewed periodically in order to validate all unpaid obligations. These reviews must also be performed in support of the year-end closing statement and associated supplementary schedules.

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Each of the various levels of contract and program management retains the responsibility of ensuring that all transactions entered into are appropriately concluded. The responsibility still exists to ensure that services and materials that remain undelivered at the time of expiration are delivered subsequently, or where such deliveries cannot be made, action is taken to terminate contractual obligations and revert funds. Integrity of the funds must be maintained until such time as all outstanding obligations are liquidated or claims are canceled or liquidated. Financial and program managers at all activities are required to actively review uncompleted contracts, unliquidated obligations, incomplete reimbursable orders, uncollected accounts receivable, and uncollected travel or pay advances held at their level to ensure the validity of such items.

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DEFINITION, EXPLANATION, AND EXAMPLE OF THE USE OF CURRENT APPROPRIATIONS

1. Current Appropriation: The current fiscal year's budget authority, as provided in the appropriation act. For example, in FY 1991, for OPN, the "current appropriation" is solely 1991 OPN, even though both 1990 and 1989 OPN accounts would also be available for new obligations.

2. Original Appropriation: The fiscal year funds cited in the contract that is being liquidated. For example, if a contract cites FY 1983 funds, the "original appropriation" would be FY 1983. Since the original appropriation may never be exceeded even after the account is closed, the unexpended balance of the original appropriation functions as an upper limit.

Example 1. OPN (FY 1991)

(PROGRAM YEAR)									
Closed (After 3-5-91)	Lapsed Accounts			Expired Accounts		Available for New Obligation			
								Current	
1981 & Prior	1982	to	1986	1987	1988	1989	1990	1991	

Example 2. OPN (for period after 10-1-93)

(PROGRAM YEAR)									
Closed	Expired Accounts					Available for New Obligation			
								Current	
1986 & Prior	1987	1988	1989	1990	1991	1992	1993	1994	

Sample Calculation of Limitations (FY 1991 = current year)

Current Appropriation Limitation (C) = 1% of FY 91 Appropriation

Original Appropriation Limitation (O) = FY 83 Budget Authority
less Total Expenditures
(unexpended balance)

The amount of the current OPN appropriation that can be used is the lesser of (C) and (O).

Appendix A to
Enclosure (1)

10 APR 1991¹TRANSITION RULES FOR EXISTING EXPIRED AND MERGED "M" ACCOUNT
BALANCES

1. Expired Surplus Accounts. Under the transition provisions of the new law, unobligated amounts (i.e., surplus authority amounts) which were withdrawn from the appropriations which expired on September 30, 1989, and September 30, 1990, are to be restored to the appropriations from which they were withdrawn. These unobligated balances are available for valid obligation adjustments until the accounts are closed.

2. Merged Surplus Accounts. All merged "M" surplus authority was canceled on close of business December 5, 1990. Consequently, merged surplus amounts are no longer available for restoration. However, restorations may be made for obligation adjustments approved through December 5, 1990.

3. Merged Obligated Balances. Effective with the closing of accounts on 30 September 1991, no obligations will be transferred to the "M" account.

a. "M" Account Obligations. Except as noted in subparagraph 3b, amounts transferred to "M" accounts as of or before September 30, 1990, will remain available for obligation adjustment and disbursement until September 30, 1993. At each September 30 during this three year transition period, any deobligated balances will be canceled and are not available for restoration. However, during the year decreases in obligations may be used to offset legitimate obligation adjustments. If decreases in obligations during a year are insufficient to offset legitimate obligation adjustments, the adjustments may be charged to a current appropriation made for the same purpose. As with obligation adjustments made after an account is closed, the use of current appropriations for obligation adjustments to lapsed accounts is controlled at the DoN level. All such adjustments are neither to be obligated nor disbursed until use of the current appropriation is approved by NAVCOMPT.

As of September 30, 1993, all remaining obligated and unobligated balances in "M" accounts are canceled. Any payments associated with these balances that come due after September 30, 1993, may be paid from current appropriations made for the same purpose. The amounts charged to a current appropriation under these provisions are also required to be included in the amounts which are otherwise charged to an appropriation under the same provisions of permanent law permitting charges to current appropriations.

Enclosure (2)

b. "M" Account Obligated Balances in Excess of Five Years. Additional provisions of the law apply to obligated balances of any appropriation whose period of availability expired on or before September 30, 1983, that is, those obligated balances that had been in the "M" accounts for more than five years. Where the financial management system contains sufficient data to indicate the fiscal identity of the obligated balances, such amounts are to be deobligated, canceled and withdrawn to the Treasury on March 6, 1991, in the same way that unobligated funds of all appropriations had been withdrawn under the old law. The only exception with respect to this withdrawal requirement applies to those amounts for which there is documentary evidence that a payment will be required before May 4, 1991 or which are needed for severance payments for foreign national employees. Similarly, at the end of September 30, 1991, and September 30, 1992, any obligated balances that can be identified as having been in the "M" account for more than five years must likewise be deobligated, canceled and withdrawn. This applies to accounts that expired at the end of fiscal years 1984 and 1985, respectively. Any request for payments that is associated with these written-off unpaid obligations may be paid from current appropriations made for the same purpose.

4. Accounting and Reporting Procedures for "M" Accounts

a. General. Administrating Offices will monitor subordinate activities' performance and prepare consolidated fiduciary reports for submission to the RO. Authorizing Accounting Activities (AAAs), acting for FAs, will record disbursements/collections reported through the Financial Reporting System (FRS), liquidate outstanding obligations, record collections from accounts receivable, and request adjustments as needed. FAs are required to ensure that the balances meet the criteria for an obligation, as contained in 31 USC Section 1501.

b. Special Reporting of Obligation Adjustments. The Office of the Secretary of Defense requires that the Report on Budget Execution (DD Form 1176) includes supplemental data in support of individual obligation adjustments of \$1,000,000 or more to lapsed "M" accounts. The supplemental data required is (1) the original value of the obligation, (2) the date of the original obligation, (3) any prior upward/downward adjustments, and (4) reasons for the current adjustment. DON guidance is included in reference (d) and each AO must develop procedures to ensure that this information is submitted no later than the fifteenth workday following the end of the month being reported.

c. Specific documentary citations. Expenditure/collection transactions shall cite the applicable "M" account information on Public Vouchers, as follows:

(1) Appropriation Symbol. As cited on original obligating document. Use original FY and Treasury symbol for all transactions.

(2) Subhead. Cited on original obligating document.

(3) Object Class. In the first position, insert the fiscal year digit of the appropriation symbol cited on the original obligating document; in 2nd and 3rd position insert data cited on original obligating document.

(4) Bureau Control Number. Cited on original obligating document.

(5) Sub-Allotment/Operating Budget Suffix Code. Cited on original obligating document.

(6) Authorization Accounting Activity/Financial Information Processing Center. Cited on original obligating document.

(7) Transaction Type Code. Per NAVCOMPT Manual Vol 2 par. 028003-028007.

(8) Property Accounting Activity/Auxiliary Cost Code. Cited on original obligating document.

(9) Cost Code. Cited on original obligating document.

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DOCUMENTATION AND APPROVAL OF UPWARD OBLIGATION ADJUSTMENTS

1. Individual upward obligation adjustments and restorations shall not be accomplished automatically. Responsibilities for approval of within scope upward obligation adjustments, and restorations to expired appropriation accounts including lapsed "M" account dollar limitations are the responsibility of financial officers, contracting officers and legal counsel.
2. Supporting documentation for obligation adjustments must be capable of being verified with official accounting records.
3. Timely approval of requests for within scope upward obligation adjustments to expired appropriation accounts including lapsed "M" accounts, requires submission of adequate supporting documentation. Adequate supporting documentation includes but is not limited to the following:
 - a. The amount originally obligated for the specific contract or other obligating document by program year and appropriation.
 - b. The amount or amounts previously deobligated for the specific contract or other obligated document.
 - c. The amount or amounts previously obligated for the specific contract or other obligatory document.
 - d. The name, title and telephone number of individual(s) making the determination that the proposed adjustment is appropriate, and the name of the contractor and purpose of the contract (if a contract is involved).
 - e. Justification of an upward obligation adjustment should include the identification of the type of cost increase (e.g. target to ceiling growth, within scope Engineering Change Proposal (ECP), Economic Price Adjustment (EPA), claim settlement). The written justification may be supported by an official DCAA report, a signed post negotiation memorandum, a counsel's opinion and/or approval, or other official documents such as a proposed contract modification, which, upon execution, will obligate the funds and allow payment to be made.

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ACCOUNTING AND REPORTING PROCEDURES FOR EXPIRED ACCOUNTS

1. General. Accounting and reporting for expired accounts will be performed at the AO level for consolidation purposes, and at Funds Administrator (FA) level, as appropriate. Authorizing Accounting Activities (AAA) acting for FAs will maintain accounting records, update data bases for disbursements/collections reported through the Financial Reporting System (FRS), liquidate outstanding obligations, record collections from accounts receivable, and request adjustments of the available balances as needed. FAs are required to ensure that the balances meet the criteria for an obligation, as contained in 31 USC Section 1501.

2. Accounting Procedures and Responsibilitiesa. Procedures

(1) All undistributed and unmatched disbursements or collections should be cleared prior to the end of an appropriation's period of availability. Undistributed and unmatched disbursements of collections that cannot be cleared because of errors will be carried forward into the expired period of the account until corrections are effected.

(2) The official accounting and reporting function and transaction accountability for expired accounts will continue to be performed by the activity that had detail accounting responsibility during the appropriation's period of availability.

b. Responsibilities(1) Funds Administrator

(a) Continue to obtain formal accounting for appropriations from the assigned AAA in the same general manner as for the unexpired appropriations.

(b) Ensure balances reported are accurate.

(c) Ensure that work/services/material undelivered at the time that the appropriation's period of availability ends is delivered subsequently, or where deliveries cannot be made, action is taken to terminate applicable outstanding undelivered orders.

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(d) Ensure that the integrity of funds is maintained until all undelivered orders are liquidated, claims are canceled or liquidated, and unbilled accounts receivable are collected, modified or canceled.

(e) Review uncompleted contracts and ensure their validity; if invalid, eliminate from outstanding records.

(f) Review accounts receivable and outstanding obligations for reimbursable orders and ensure their validity. Eliminate invalid records.

(g) Cite applicable appropriation on Public Vouchers for expenditure/collection transactions.

1. Appropriation Symbol. Cited on original obligating document. Use original FY and Treasury symbol for all transactions.

2. Subhead. Cited on original obligating document.

3. Object Class. Cited on original obligating document.

4. Bureau Control Number. Cited on original obligating document.

5. Sub-Allotment/Operating Budget Suffix Code. Cited on original obligating document.

6. Authorization Accounting Activity/Financial Information Processing Center. Cited on original obligating document.

7. Transaction Type Code. Per NAVCOMPT Manual Vol 2 par. 028003-028007.

8. Property Accounting Activity/Auxiliary Cost Code. Cited on original obligating document.

9. Cost Code. Cited on original obligating document.

(h) Match expenditures/collections to the obligations, accounts payable or accounts receivable. Liquidations of unpaid obligations and accounts receivable will be based on the expenditures and collections reported in the FRS

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via the Listing of Expenditures Collections (NAVCOMPT Form 634) (RCS NAVCOMPT 7303-4) and other detail supporting documentation.

(i) Create and liquidate obligations from balances available for restoration when an expenditure is proven to be valid, and no matching obligations can be found in the unliquidated obligation files.

(j) Reestablish those obligations and accounts receivable previously deobligated or written off, against which future expenditures and collections are anticipated.

(k) Evaluate and process within scope adjustments, price increases and renegotiations.

(l) Incorporate accounts receivable balances in Schedule 9 "Report on Status of Accounts and Loans Receivable Due from the Public".

(m) Perpetuate the Accounting Classification Reference Number (ACRN) and Standard Document Number (SDN) cited on the original obligating document.

(n) Continue to certify Status of Fund Authorization (NAVCOMPT Form 2025) (RCS: NAVCOMPT 7303-1), Unfunded Accounts Receivable Report (NAVCOMPT Form 2027) (RCS: NAVCOMPT 7330-10), Trial Balance Report (NAVCOMPT Form 2199) (RCS: NAVCOMPT 7301-28), and Reconciliation Report (NAVCOMPT Form 2036) (RCS NAVCOMPT 7302-4) in the same frequency as for current accounts.

(2) Administrating Office

(a) AOs must receive FA reports for each current year(s) and expired years account data for each allotment/operating budget issued.

(b) AOs will prepare and maintain unliquidated obligations and uncollected accounts receivable document listings for all expired appropriations.

(c) Monitor subordinate activities' performance and prepare consolidated fiduciary reports for submission to the RO.

(d) Within the threshold established advise the RO of those:

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1. Anticipated contractor claims which will ultimately impose additional obligations on the expired and closed appropriations; and

2. Transactions increasing obligations due to escalation costs, within scope contract changes, or costs incurred to terminate contracts at the request of the government which exceed the current obligation under the contract and/or the 1% limitation rules.

(3) Responsible Office

(a) Provides fiscal management for designated appropriations except those programs and resources affecting appropriations that are under purview of a Program Executive Officer.

(b) Evaluate obligation adjustments of \$100,000 to \$500,000 and determine their validity and propriety.

(c) Obtain prior approval from Assistant Secretary of the Navy (Financial Management) for obligation adjustments of \$500,000 or more.

(d) Notify NAVCOMPT when restorations (adjusted obligations) in a fiscal year for a project, program or activity reach the \$4 million and \$25 million limitations.